



**ARCHSTONE**  
**FOUNDATION**

*FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED JUNE 30, 2023*

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**ARCHSTONE FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023  
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**AUDIT  
AND  
ASSURANCE**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Archstone Foundation

### **Opinion**

We have audited the financial statements of Archstone Foundation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Archstone Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Archstone Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Archstone Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors  
Archstone Foundation

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Archstone Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Archstone Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Green Hasson & Janks LLP*

December 18, 2023  
Los Angeles, California

**ARCHSTONE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023**

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**ASSETS**

Cash and cash equivalents	\$ 536,633
Investments, at fair market value	105,126,163
Prepaid expenses	509,581
Other assets	19,294
Property and equipment	127,587
Right of use asset	<u>272,202</u>

**TOTAL ASSETS** \$ 106,591,460

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 166,104
Grants payable	1,161,949
Deferred compensation payable	670,214
Right of use lease liability	<u>395,729</u>

**TOTAL LIABILITIES** 2,393,996

**NET ASSETS (Without Donor Restrictions)** 104,197,464

**TOTAL LIABILITIES AND NET ASSETS** \$ 106,591,460

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*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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<b>REVENUE AND GAINS</b>	
Investment Return (Net)	\$ 10,875,356
<b>EXPENSES</b>	
Program services	5,224,792
Management and General	187,529
<b>TOTAL EXPENSES</b>	<u>5,412,321</u>
<b>CHANGE IN NET ASSETS</b>	5,463,035
<b>BEGINNING NET ASSETS (Without Donor Restrictions)</b>	<u>98,734,429</u>
<b>ENDING NET ASSETS (Without Donor Restrictions)</b>	<u>\$ 104,197,464</u>

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*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>Program Services: Grantmaking</b>	<b>Management and General</b>	<b>Total</b>
Grants and Related Expenses	\$ 2,446,727	\$ -	\$ 2,446,727
Salaries and Related Expenses	1,572,294	97,289	1,669,583
Director's Fees and Expenses	449,753	28,752	478,505
Occupancy	205,766	17,747	223,513
Professional Fees	189,513	12,693	202,206
Information Technology Expenses	116,688	10,064	126,752
Office Expenses	124,795	10,699	135,494
Depreciation	57,898	4,993	62,891
Travel, Conferences, and Meetings	36,994	3,191	40,185
Insurance	24,364	2,101	26,465
	<u>\$ 5,224,792</u>	<u>\$ 187,529</u>	<u>\$ 5,412,321</u>

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**ARCHSTONE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Change in net assets</b>	\$ 5,463,035
<b>Adjustments to reconcile changes in net assets to net cash used in operating activities</b>	
Depreciation	62,891
Net realized and unrealized gains on investments	(10,634,440)
Changes in operating assets and liabilities	
Right of use asset	146,922
Accounts payable and accrued expenses	(131,586)
Grants payable	(94,862)
Deferred compensation payable	(70,767)
Right of use lease liability	(211,183)
	(5,469,990)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Sales of investments	35,888,904
Purchases of investments	(30,493,397)
Purchases of property and equipment	(14,612)
	5,380,895

**CHANGE IN CASH AND CASH EQUIVALENTS**

**BEGINNING CASH AND CASH EQUIVALENTS**

**ENDING CASH AND CASH EQUIVALENTS**

	(89,095)
	625,728
	\$ 536,633

**SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING ACTIVITIES:**

Non-Cash Impact of Implementation of Accounting

Standards Update No. 2016-02, *Leases*

Establishment of Right of use asset	\$ 419,124
Decrease in Deferred rent liability	105,870
Decrease in Deferred tenant improvement incentive benefit	81,919
Establishment of Right of use lease liability	606,913

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*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 -NATURE OF BUSINESS**

The Archstone Foundation (the "Foundation") was established on September 20, 1985. The Foundation supports charitable community activities in the areas of health and health care delivery.

The primary source of funding for the Foundation's charitable activities is investment income generated from its investment portfolio.

**NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Foundation has prepared these financial statements using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

The net assets, revenues, gains, and losses are classified based on the existence or absence of donor- imposed restrictions as follows:

*Without Donor-Imposed Restrictions* - These are net assets that are not subject to donor-imposed stipulations. These generally result from receiving unrestricted contributions, providing services, investment income and the releasing of net assets with donor restrictions through the fulfillment of those restrictions. Expenses incurred in providing program related services, fundraising, and performing administrative functions are charged against these net assets.

*With Donor-Imposed Restrictions* - These are gifts of cash and other assets, and income earned with respect to these assets, that are subject to donor-imposed stipulations. These stipulations will typically provide for the use of the asset during a future period, for a particular purpose or both. Once the donor's stipulations have been fulfilled, the assets are released from net assets with donor restrictions to net assets without donor-imposed restrictions.

At June 30, 2023, all net assets of the Foundation are without donor restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and could differ significantly.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents at June 30, 2023 approximates its fair value.

The Foundation, as of June 30, 2023, and periodically throughout the year, has maintained balances in various operating and money market accounts in excess of federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Investments**

Investments are recorded at their fair value in the statement of financial position. Sales and purchases of securities are recorded on trade date, which results in receivables and payables on trades that have not yet settled at the financial statement date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the statement of activities and represents the change in difference between the cost and current market quotations of investments held at the end of the fiscal year.

Investment securities are generally exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies, guidelines and objectives adopted by the Board of Directors. The guidelines require that a majority of the Foundation's investments be in liquid securities, defined as securities that can be transacted quickly. A portion of the portfolio may be invested in less liquid investments in order to diversify the portfolio, to reduce volatility, and to provide sufficient return to meet the Foundation's objectives. The investments are generally managed by outside investment managers contracted by the Foundation.

Current accounting standards define fair market value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. These standards categorize the method for determining the fair market value into three levels.

Level 1-Data used consists of quoted prices in active markets for identical assets or liabilities that the company has the ability to access at the measurement date. This data will often consist of daily published prices of actively traded stocks, bonds, and mutual funds for example. This level of data is given priority over level 2 and 3 data in establishing fair market value.

Level 2-Data used consists of observable information, either directly or indirectly, other than level 1 quoted prices. An example of such an asset can be a security or investment that is not traded actively and therefore no quoted price is available, but other similar securities or investments have traded recently, or other data such as interest or yield rates are available that allows for a valuation of the asset. This level of data is given priority over level 3 data in establishing fair market value.

Level 3-There are no observable data for determining the fair value of the asset. This would occur where there is no current market or other activity that can be used to determine fair value. In this situation unobservable data may be used to make the best fair value determination possible.

Net Asset Value-Investments for which investment manager's report on a Net Asset Value basis are reported under this category and are not categorized in one of the above levels.

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Property and Equipment**

Property and equipment is stated on the cost basis. Depreciation and amortization is provided on the double-declining-balance method based on the estimated useful lives of the assets as follows:

Furniture and Equipment	2-8 Years
Leasehold Improvements	Shorter of Lease Term or 2-8 Years

Repairs and maintenance, including the replacement of minor items, are expensed as incurred, while major additions and betterments that extend the useful lives of the assets are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

**Grants**

The Foundation reports grants payable at the date the grant is approved by the board of directors, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. The actual payment of the grant may not necessarily occur in the year of authorization. Grants payable to be paid over a period of more than one year are discounted using a risk-free rate applicable at the end of the fiscal year.

The Foundation is required to distribute annually, to qualifying charitable organizations, plus other qualifying expenses, an amount equal to 5% of the average fair market value of the Foundation's assets (the minimum distribution). If the Foundation does not distribute the required minimum distribution, a one-year grace period is granted to distribute the undistributed income. If undistributed income is not distributed by the close of the following tax year, a minimum 30% penalty under Internal Revenue Code (IRC) S4942(a) will apply. The Foundation met the IRC grant distribution requirement for the year ended June 30, 2023.

**Fair Value of Financial Instruments**

Investments, dividends receivable, and grants payable are reported at fair value. The carrying amount of cash, other assets, and accounts payable approximates fair value because of the relatively short term nature of these financial instruments.

**Exempt Organization Status**

The Foundation is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Tax Code. Contributions to the Foundation are deductible for tax purposes under Section 170(c) (2) of the IRC. The Foundation recognizes the financial statement benefit of tax positions, such as the filing status as tax exempt, only after determining that the relevant tax authority would more likely than not sustain the position if subjected to audit by tax authorities. The statute of limitation for audit by federal and state tax authorities is three and four years respectively.

**Excise Taxes**

The Internal Revenue Code imposes an excise tax on private foundations at a rate of 1.39% on net investment income. Deferred excise taxes arise from the net unrealized appreciation in the fair value of investments and are calculated using the 1.39% excise tax rate. At June 30, 2023, the Foundation did not have a significant deferred excise tax liability and therefore the accompanying financial statements do not include a provision for deferred excise taxes. Excise tax netted against investment return in the statement of activities consists of the following for the year ended June 30, 2023:

Current Excise Tax Expense	\$	12,634
True-up of Prior Year Excise Tax Expense		87,366
<b>EXCISE TAX EXPENSE</b>	\$	<u>100,000</u>

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*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**Functional Allocation of Expenses**

The costs of funding the Foundation's programs and activities have been accounted for by their natural categories, such as payroll, rent, etc. These costs are then allocated between program and administrative functions. Direct costs are allocated directly to the functional allocation to which they belong. Indirect expenses are allocated between functions by a method that best measures the degree to which each function benefits from the indirect expense.

**New Accounting Pronouncements**

In February 2016, FASB issued an Accounting Standards Update (ASU) No. 2016-02, *Leases*, intended to improve financial reporting about leasing transactions. The new standard requires organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position, the assets and liabilities for the rights and obligations created by those leases. The ASU also requires disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASC 842 is effective for fiscal years beginning after December 15, 2021. The Foundation adopted ASC 842 with a date of the initial application of July 1, 2022. The Foundation elected to apply the following package of practical expedients on a consistent basis permitting entities not to reassess: (i) whether any expired or existing contracts are or contain a lease; (ii) lease classification for any expired or existing leases and (iii) whether initial direct costs for any expired or existing leases qualify for capitalization under the amended guidance. In addition, the Foundation applied the practical expedient to include both the lease and non-lease components as a single component and account for it as a lease.

The impact of adopting the amended guidance primarily relates to the recognition of a lease right-of-use asset and a lease liability on the statement of financial position for a lease previously classified as operating lease. The Foundation recognized \$419,124 of lease right-of-use asset and \$606,913 of lease liability as of July 1, 2022 for the contract that is classified as an operating lease. Leases with an initial term of 12 months or less have not been recorded on the statement of financial position. There was no other material impact on the Foundation's financial statements.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. For the Foundation the ASU and the subsequent amendments will be effective for the year ending June 30, 2024, and is expected to be adopted using the modified-retrospective approach.

**Subsequent Events**

Subsequent events were evaluated through December 18, 2023, the date that the financial statements were available to be issued. No such material events or transactions were noted to have occurred.

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*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 3 - INVESTMENTS**

Investments as of June 30, 2023 are summarized in the following table by the level of information used to determine their fair market valuation.

<u>Investment</u>	<u>Level 1</u>	<u>Net Asset Value</u>	<u>Total</u>
Equities			
U.S.	\$ 34,169,308	\$ 16,916,571	\$ 51,085,879
Developed Foreign Markets	3,108,102	10,927,545	14,035,647
Emerging Foreign Markets	-	5,535,483	5,535,483
Private	-	4,238,259	4,238,259
Fixed Income	2,948,188	9,632,034	12,580,222
Diversifying Strategies	-	16,376,477	16,376,477
Futures Contracts	1,274,196	-	1,274,196
	<u>\$ 41,499,794</u>	<u>\$ 63,626,369</u>	<u>\$ 105,126,163</u>

The fair value of investments in equity and fixed income securities within Level 1 was obtained based on quoted market prices at the closing of the last business day of the fiscal year.

Futures Contracts within Level 1 are valued at the settlement price established on the last business day of the fiscal year by the board of trade or exchange on which they are traded. The Foundation uses futures to manage its exposure to equity and fixed income markets. Futures contracts have various expiration dates through September 30, 2023.

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**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

The Foundation has invested in some funds that have multiple investors. These funds report values using net asset value per share. Most of these funds are not traded in a manner where there are readily determinable fair market values in actively traded markets. The net asset values are determined and provided periodically by the fund managers. These funds can invest in assets ranging from publicly traded securities to privately held companies, as well as other assets. The following table provides additional information regarding investments shown as valued at Net Asset Value Per Share.

U.S. Equities	These fund managers tend to invest in publicly traded equity securities. Shares may be redeemed from daily to weekly with three days' notice.	\$ 16,916,571
Developed Foreign Markets Equities	These fund managers tend to invest in publicly traded equity securities. Shares may be redeemed daily to weekly with five days' notice.	10,927,545
Emerging Foreign Markets Equities	These fund managers tend to invest in publicly traded equity securities. Shares may be redeemed monthly with 30-60 days' notice.	5,535,483
Private Equities	These fund managers tend to invest in privately held companies. These investments are not liquid, typically requiring initial holdings periods of up to 10 years before shares can be redeemed. The actual value of the investment will probably differ significantly from those provided by the fund manager.	4,238,259
Fixed Income	These fund managers tend to invest in publicly traded bonds and U.S. Treasury Instruments. The ability to redeem shares is dependent on the trading frequency of the securities owned by the fund.	9,632,034
Diversifying Strategies	These fund managers invest in a variety of assets in various geographic markets. Shares may be redeemed quarterly with 75-90 days' notice.	16,376,477
		\$ 63,626,369

Unfunded commitments at June 30, 2023 amounted to \$15,247,631.

The components of investment return for the year ended June 30, 2023 is as follows.

Interest and dividend income	\$ 776,130
Realized and unrealized gains	10,634,440
	11,410,570
Less investment management fees	(401,766)
Less investment loss allocable to deferred compensation	(33,448)
Excise tax expense	(100,000)
	\$ 10,875,356

*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 4 -PROPERTY AND EQUIPMENT**

The Foundation's furniture and equipment consists of the following assets.

Leasehold improvements	\$ 392,411
Furniture and fixtures	264,634
	657,045
Accumulated depreciation	(529,458)
	\$ 127,587

Depreciation expense amounted to \$62,891 for the year ended June 30, 2023.

**NOTE 5 -GRANTS PAYABLE AND CONDITIONAL GRANTS PAYABLE**

The Foundation had \$1,161,949 in grants payable as of June 30, 2023 based on the awardee having met certain requirements on which the payment was conditioned. They are expected to be paid within one year.

In addition, the Foundation has also awarded conditional grants that are scheduled to be paid in subsequent fiscal years based on the awardees meeting certain requirements. The conditional grants will not become payable until these requirements are met. At June 30, 2023, the Foundation has \$4,560,898 outstanding in grants payable and conditional grants, of which the estimated timeline for payout are as follows:

	Unconditional	Conditional	Total
2024	\$ 1,161,949	\$ 846,303	\$ 2,008,252
2025	-	1,332,814	1,332,814
2026	-	687,432	687,432
2027	-	484,000	484,000
2028	-	48,400	48,400
Total	\$ 1,161,949	\$ 3,398,949	\$ 4,560,898

**NOTE 6 -EMPLOYEE BENEFIT PLANS**

**Defined Contribution Plan**

The Foundation maintains a 403(b) defined contribution plan for all employees with at least one year of service. The Foundation matches employee contributions up to current IRS limits. The Foundation contributed \$191,934 to the plan for the year ended June 30, 2023.

**Deferred Compensation Plan**

The Foundation has a deferred compensation plan covering key executives whose annual compensation exceeds \$75,000 per year, which was suspended effective July 1, 2022. Contributions are no longer made to the plan. However, there were two participants in the plan at the time the plan was suspended. Investment earnings on the plan assets for those participants still accrue to the participants accounts.

The plan provides that the account's funds shall be deemed to be invested in investment funds in which the Foundation has invested its general assets. The income, gains, losses and investment results of such deemed investment shall be credited to, or debited from, the accounts each calendar year.

*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 7 -LEASE AGREEMENT**

The Foundation recognizes and measures its lease in accordance with FASB ASC 842, *Leases*. The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Foundation recognizes a right of use lease liability and a right of use asset at the commencement date or upon the adoption date of ASC 842. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or a risk-free rate interest rate if it is not as allowed under the standard.

The right of use asset is measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) of any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Foundation has elected to not recognize a right of use asset and right of use lease liability for short term leases of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the company is reasonably certain to exercise. The Foundation has also elected not to recognize a right of use asset and right of use lease liability for clearly insignificant leases of office equipment.

The Foundation leases its office space under an operating lease. Future minimum lease commitments under the lease are as shown below.

Year ended June 30, 2024	\$ 231,532
Year ended June 30, 2025	<u>173,648</u>
	405,180
Less Imputed Interest	<u>(9,451)</u>
Right of Use Lease Liability	<u>\$ 395,729</u>

The lease agreement provides for two options to extend its lease. The Foundation has not made a determination as to whether it intends to exercise these lease extension options. Therefore, the Foundation has not included these options to extend its lease in determining the right of use asset and related liability. As of June 30, 2023, the Foundation has recorded a right of use asset of \$272,202 and a right of use lease liability of \$395,729. Payments under the lease totaled approximately \$225,226 for the year ended June 30, 2023. Amortization of the right of use asset totaled \$146,922 for the year ended June 30, 2023. Interest expense related to the right of use lease liability totaled \$14,022 for the year ended June 30, 2023. The risk-free rate of return used in calculating interest was 2.85%.

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*The accompanying notes are an integral part of these financial statements.*

**ARCHSTONE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation funds its operations primarily through investment income which is generally sufficient to fund its operations. The Foundation has no loans and no lines of credit as management prefers to avoid borrowing. Instead, the Foundation manages its investment portfolio in a manner intended to preserve the purchasing power of the portfolio while funding its activities over time.

The Foundation's financial assets available within one year of the statement of financial position date for operating expenditures are as follows.

Cash and Cash Equivalents	\$ 536,633
Investments	<u>105,126,163</u>
Total Financial Assets	\$ 105,662,796
Less Illiquid Investments	<u>(16,904,436)</u>
Financial Assets Available to meet General Expenditures Within One Year	<u>\$ 88,758,360</u>

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*The accompanying notes are an integral part of these financial statements.*